



**Vault
19/20**

IN THE MATTER OF The Public Inquiries Act
being Chapter 258 of the Revised Statutes
of Alberta, 1955; and

IN THE MATTER OF an Inquiry into the ad-
ministration, management and financial
affairs of the Lethbridge Central Feeder's
Association Limited, and the general
operation in respect to the participation
of the members therein.

P R O C E E D I N G S

at a Hearing held before
HIS HONOUR JUDGE L. SHERMAN TURCOTTE

VOLUME V

DATE January 4, 1965

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vol. I c.2

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I N D E X

PROCEEDINGS TAKEN JANUARY 4, 1965:

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EXHIBIT NO. F-1

V. L. Burke Account Documents.

These are supporting vouchers for non-association account
in the name of Ray Nelson.

EXHIBIT NO. F-2a

Documents re Ray Nelson-
Non-Association Account.

These are supporting vouchers for the account of Ray Nelson
in the Membership Ledger.

EXHIBIT NO. F-2b

Documents re Ray Nelson-
Membership Ledger.

EXHIBIT NO. F-2c

Documents re Ray Nelson
Membership Ledger.

These are supporting vouchers in the account of John Pere-
verziff, in the Non-association Ledger.

HEARING RESUMED 10:00 A.M., January 4th, 1965.

PROCEEDINGS TAKEN JANUARY 4th, 1965:

MR. WEIR: Your Honour, I would like to call Mr. Clifford Peterson again.

CLIFFORD PETERSON, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Mr. Peterson, you are the same Mr. Peterson who testified previously in connection with this inquiry?

A Yes.

Q Would you identify this document Mr. Peterson?

A These are vouchers supporting the entries in the V. L. Burke account, including the cancelled cheques, invoices, and settlements.

EXHIBIT NO. F 1
V.L.Burke Account documents.

These are supporting vouchers for non-association account in the name of Ray Nelson.

EXHIBIT NO. F-2b
Documents re Ray Nelson-
Non-Association Account.

These are supporting vouchers for the account of Ray Nelson in the Membership Ledger.

EXHIBIT NO. F-2a
Documents re Ray Nelson-
Membership Ledger.

EXHIBIT NO. F-2c
Documents re Ray Nelson
Membership Ledger.

These are supporting vouchers in the account of John Pereziff, in the Non-Association Ledger.

EXHIBIT NO. F-5a
Documents re John Pereverziff-
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Documents re John Pereverziff,
Non-Association Account.

These are supporting entries in the J. B. Merrill
Members Account.

EXHIBIT NO. F-4
Entries-J.B. Merrill-
Member's Account.

These two are vouchers supporting entries in the
Horace Jones account.

EXHIBIT NO. F-8a
Documents-Horace Jones account.

EXHIBIT NO. F-8b
Documents-Horace Jones account.

These are vouchers supporting the entries in the Members
Ledger of Leonard Mehew.

EXHIBIT NO. F-3A
Documents-Leonard Mehew account.

EXHIBIT NO. F-3b
Documents-Leonard Mehew account.

THE COURT: There are two more on the list
which have not been pulled yet, and they will be put in
by Mr. Peterson probably on Wednesday morning.

(WITNESS STANDS DOWN)

MR. WEIR: Mr. V. L. Burke please.

THE COURT: Before Mr. Burke is sworn I think
we should make some provision for his counsel to sit
at the counsel table.

MR. MARTIN HOYT: I am appearing on Mr. Burke's behalf.

VIRGIL L. BURKE, having first been duly sworn, examined by Mr. Weir, testified as follows:

MR. HOYT: I would ask that the witness be given the protection of the Canada and Alberta Evidence Acts.

THE COURT: Yes. The witness will be given the protection of Section 8 of the Alberta Evidence Act and Section 5 of the Canada Evidence Act.

MR. WEIR:

Q What is your name?

A Virgil L. Burke.

Q And your occupation?

A Livestock dealer and commission buyer.

Q When did you apply for membership in the Lethbridge Central Feeders Association?

A An exact date I don't recall, but it was sometime in the latter part of 1960.

Q Mr. Burke, do you know that on September the 13th, 1960, your application was presented to a meeting of the Board of the Lethbridge Central Feeders Association?

A I don't say that I know this. I was informed of this.

Q Were you also aware of the fact that on that same meeting on a motion by Keeler and Stevens your application was rejected?

A Yes.

Q What conversation, Mr. Burke, did you have with Mr. Hatch when you were informed of the fact that your application was rejected for membership?

A I don't believe that I can recall the words.

Q Just generally what was said?

A He and I discussed the possibility of me becoming a member of the Association, and Mr. Hatch told me that he did not think it was possible because I was in direct competition with the Association. He said he would put through the application and see if he could make it. I was having trouble financing my own feeding operation and also financing elsewhere.

Q Do you recall a meeting of the Board on July the 10th, 1961, or were you aware of the fact that at a meeting of the Board on July the 10th, 1961, that your re-application was submitted to this Board?

A I have in my possession two feeding contracts, one signed in 1962 and one signed in 1963, and as far as I know that is the only two that exist.

Q When did you realize that you had been accepted for membership, at the time of one of these contracts that you are referring to, the first one?

A It is possible if there is another contract signed by me, but I don't recall it.

Q Are you suggesting then that as far as you know that you

did not become a member until April 30th, 1962?

A Yes, that is correct.

Q Who informed you of the fact that you had become a member?

A Mr. Hatch.

THE COURT: Do you want it marked as an exhibit.

MR. WEIR: Yes.

THE COURT: The feeding contracts will form a part of Exhibit F-1.

MR. WEIR:

Q Mr. Burke, I'm showing you a portion of Exhibit F-1. First is a cheque. Will you examine this cheque please. There is a Journal Entry. Will you also examine this Journal Entry. Now, do you recall having seen these documents before?

A Yes.

Q Will you read firstly the contents in the Journal Entry?

A "December 14, 1960. 81 cows. 37 heifers. \$15,000.00.

30 days interest $6\frac{1}{4}\%$. "

Signed by me.

Q That is your signature?

A Yes sir.

Q And what is marked on the bottom of that?

A I don't know what the "N.A.B." is. That is "V.L.Burke,

\$15,000.00."

Q And immediately prior to that is marked "N.A.B."?

A Yes.

Q Will you tell us about the details of the cheque?

A I got this money from Mr. Hatch.

Q What is the date on the cheque?

A December 14th, 1960.

Q And the amount of the cheque?

A \$15,000.00.

Q This is the \$15,000.00 referred to in the Journal Entry?

A Yes.

Q What did you do with this particular cheque?

A I deposited it to the account of V. L. Burke at the Royal Bank of Canada, Lethbridge.

Q On what date?

A December 14th, 1960.

Q Thank you. Now, Mr. Burke, what would be meant by this 30 days marked on this invoice? Is it reasonable for me to assume it is intended that you would repay this back to the Lethbridge Central Feeders Association in 30 days?

A Yes. It wasn't exactly the proposition, but that was close.

Q What was the proposition?

A Every 30 days I would make a payment.

Q Every 30 days you would make a payment?

A Yes. Which I did, up to \$10,000.00.

Q When was it intended that this total \$15,000.00 would be repaid?

A I don't recall any specific time.

Q How much were you promising to Lethbridge Central Feeders Association to be applied on the \$15,000.00 indebtedness?

A Whatever I could give them back each and every month.

Q Was there any time period for a limit as to how long it would take?

A No, not to my knowledge.

Q So that it could have taken 20 years as far as you are concerned?

A No, I don't think that is correct.

Q There was no time limit set?

A As soon as possible.

Q No time limit was suggested to you?

A No.

Q And you received this money then in December, 1960, and yet you are suggesting to us that you did not realize that you were accepted for membership until 1962?

THE COURT: He had not been.

MR. WEIR: Pardon me.

THE COURT: He had not been. He was not accepted then.

MR. WEIR: No, but I am just referring to the

fact that he realized that he was not accepted for membership, he thought at least that he was not accepted for membership until 1962, and yet he received this money in---

THE WITNESS: I didn't think I wasn't accepted. I knew I wasn't accepted.

MR. WEIR:

Q Well, I refer you to some minutes Mr. Burke.

THE COURT: He said that he knew that he was not accepted for membership when he got this cheque, and that is correct.

MR. WEIR:

Q Did it appear to you to be reasonable to receive \$15,000.00 from an Association in which you were not a member, and that you had the right to pay it off whenever you felt like it?

A Yes, at the time it did.

Q It seemed reasonable?

A Yes.

Q Now, Mr. Burke, did you ever look at your ledger card with the Lethbridge Central Feeders Association?

A Yes.

Q Did you ever see this document before?

A I have two in my possession. I have ---

Q It is marked, this is an N.A.B. ledger?

A I have this one.

Q You have this one?

A Yes.

Q Will you examine that and tell us the amount outstanding as of July, 1961?

A July, 1961?

Q Yes.

A If this is 1961, here, is it not---

Q Yes, I believe so. I believe the amount is \$10,000.00 outstanding at that time?

A \$10,000.00.

Q Yes. I suggest to you, Mr. Burke, it was on July the 10th, 1961, that your formal application for membership was accepted at a meeting of the Board of Directors of the Association. A limit was placed on your credit of \$25,000.00. Are you acquainted with this fact?

A No.

Q You are not acquainted with the fact that your limit was set for \$25,000.00?

A No. To my knowledge these are the two agreements that existed.

Q With that, Mr. Burke, in both of these agreements that you just introduced, the limit is set at \$30,000.00?

A That is correct.

Q And I presume from what you are saying that you are not aware of the fact that at a Board meeting on August the 15th, 1961, that the supervisor, Mr. Hatch, reported

on your account and said it is unlikely that you would be using your limit set at \$25,000.00?

A I don't know.

Q Pardon me?

A I don't remember that at all. If it existed I don't remember. I don't know the exact date when I was accepted. I really don't know. I recall signing a 1962 contract, and that is the first that I recall of the feeding contract with the Central Feeders. It is possible, but I don't remember exactly the dates or that. I just don't remember.

THE COURT:

Q What happened to the 81 cows and 37 heifers?

A They were sold through my account.

Q Was there any intention between you and Mr. Hatch that these cows and heifers were security for the \$15,000.00?

A No sir.

Q Why was it put on the voucher? Why was it even mentioned? Why were they mentioned?

A Because I had these cattle at my place?

Q Is that the basis on which you got the \$15,000.00?

A No sir.

Q They were just giving you out money?

A Not on those words, no.

Q Did you know this was a co-operative association?

A Yes sir.

Q And you were not a member?

A No.

Q Under what stretch of the imagination could you come to the conclusion that a co-operative, that they could be giving you \$15,000.00 without any security, without your membership, or any other idea? All right, go on.

A Should I answer that question?

MR. HOYT: Do you want that answered,
Your Honour?

THE COURT: He said that he has no idea.

THE WITNESS: I can answer it.

THE COURT:

Q Go ahead.

A It might take a couple of minutes.

Q Go ahead.

A The Lethbridge Central Feeders Association formed what they called Central Marketing Services, which was a commission firm. And in conjunction with this they used the facilities of the sale ring at the Lethbridge Stock Yards. Whether you are aware of this or not I handle considerable livestock at the Lethbridge Stock Yards, and especially in the hog department. I threw quite a bit of weight as to where these feeder hogs eventually wound up on the market. Mr. Hatch realized I needed financing, and having access to my financial statement, which he did have, suggested to me that for some free financing, and that is the words

used, that I should throw my support to the Lethbridge Central Marketing Service.

Q What do you mean by throw your support?

A In other words I would, I had practised before this in the operation of the yard in receiving livestock at the chutes for the purpose of putting them through the sale ring, and being a livestock dealer I couldn't do this on a contract basis. I had to clear my livestock through a commission firm. Up to that time I did it through the, I cleared most of my livestock through the Southern Alberta Co-op, and sometimes through Hays and Earl.

Q So in return for the \$15,000.00 you were clearing your livestock?

A In return for the \$15,000.00 I was to give Central Marketing Service my support as far as the hog marketing for the Lethbridge Stock Yards is concerned.

Q Were they in the hog marketing business?

A They were in to accept hogs for sale through the sale rings.

Q Did they ever do it?

A Yes.

Q To a considerable extent?

A Yes, as many as they could get. And my support was what Mr. Hatch was after. In fact he offered me employment on that basis and I assured him that I did not need a job.

Q Thank you.

MR. WEIR:

Q Mr. Burke, I show you another Journal entry and a cheque. Will you please examine these two documents and explain to us what they are?

A It says 132 cattle, \$11,000.00. And down here it is "V.L.Burke, February 28th, 11,000.00." That is signed "S. W. Hatch". And over here is a cheque, L 2111, February 28th, 1962, which is a duplicate, I guess of this figure here.

Q Of the figure of \$11,000.00?

A Yes. Signed by Hatch and Nilsson in my favour, and deposited to my account February the 28th, 1962.

Q What does it say as to which account it is being deposited to?

A Deposited to Burke Livestock Limited.

Q And who is that?

A Burke Livestock Limited is a corporate company formed by my brother and myself in 1961.

Q Will you explain this?

A This cheque, November 20th, 1962, \$10,000.00." V.L.Burke, November 29th, \$10,000.00. S. W. Hatch, V.L. Burke \$10,000.00. S. W. Hatch and T. Anderson."

Q This cheque is payable to you personally?

A Yes, and deposited to Burke Livestock Limited on November 29th, 1962.

Q Had Burke Livestock Limited ever applied for membership in the association?

A No.

Q And it never attained a membership in the association?

A No sir.

Q Had you ever mentioned to Mr. Hatch that you were going to be depositing these two cheques, one for \$11,000.00, and one for 10,000.00, to your company, rather than to you personally?

A I didn't mention it, but I believe that he was aware of the fact that all my business was done through Burke Livestock Limited after 1961.

Q And you told us that you did not feel that you became a member in the Association until this first contract which is dated 1962?

A Yes, that is correct. I considered this feeder association agreement insignificant as far as I am concerned. It was a piece of paper put in front of me to sign to verify credit that I was getting, or to cover it up, whatever you want to call it.

THE COURT:

Q You did not consider yourself a member?

A No sir, not up to that point.

MR. WEIR:

Q You did not think it was necessary for a contract to be

signed by Burke Livestock Limited in as far as Burke Livestock Limited were actually getting the money that you personally were getting from the Association?

A I don't think I am qualified to answer that question.

Q These two cheques we have just referred to, there is a mention of cattle on one of them. What actually was this money used for? Both these cheques, one for \$11,000.00 and one for \$10,000.00.

A Take them one at a time.

Q Yes.

A The first one, \$11,000.00 was put into my account, and when I say my account I mean the Burke Livestock Limited account, after 1961. I put that in there to make my cheques good, I guess, I guess that is what you would call it.

Q Your cheques for what? Debts?

A In the operation of my business as a whole, which was done strictly through Burke Livestock Limited after 1961.

THE COURT:

Q Instead of going to your own bank, Mr. Burke, to get \$11,000.00, you came to Hatch and got it?

A At my particular bank I had gone as far as I could credit-wise.

Q And they wouldn't give you any more money?

A And in many cases over-extended.

Q Santa Claus.

MR. WEIR:

Q Would you please examine this document and tell us what this is?

A January, 28th.

Q I believe it is June 28th?

A That is January the 28th. Isn't that January 28th?

Q Just a minute.

THE COURT: I have it June 28th. Look at the cheque. That doesn't tell us much either. This cheque has nothing to do with this Mr. Weir.

MR. WEIR: No, this is another cheque.

THE COURT: I think that it looks like January 28th.

MR. PROWSE: The witness explained the \$11,000.00. Can he go on with the \$10,000.00.

MR. WEIR:

Q Will you explain to us this \$10,000.00?

A \$11,000.00 comes before the \$10,000.00.

THE COURT:

Q Yes. Now, go to the \$10,000.00.

A The \$10,000.00 has nothing to do with the livestock business.

Q What did you use it for?

A It had nothing to do with the livestock business on the basis of when it was presented to me.

Q What did you use it for?

A It was put into the Burke Livestock Limited account and circulated through my business as a whole just/^{like}every dollar that I ever got from Lethbridge Central Feeders was. But originally I went to Mr. Hatch myself and I said "Mr. Hatch, there is a house in Calgary that may be purchased for \$10,000.00. I don't have the money." Directly behind this house, and which is built now, incidentally they are building a big, I think it is a six-storey---it is on 17th Avenue South West between 3rd and 4th Streets, Calgary. The address is 328 - 18th Avenue South West, Calgary. This house was a very valuable piece of property in conjunction to the construction of this apartment block or business block. I believe it is mostly offices. It is for parking area. There was a bid made on this house for \$15,000.00, and I could have bought this house, which was in the family. It belonged to my mother-in-law. I could have bought it for \$10,000.00 due to the fact that she felt that that was perhaps what my wife should have for, from her estate eventually. But it developed into a family brawl, so I backed away from it. I didn't want any part of it. As a matter of fact, the house is still there and it has not been sold, and it is right smack in the middle of this man's drive-way.

Q So that you used the \$10,000.00 for something else?

A I left the \$10,000.00 in the Burke Livestock Limited account. That is the \$10,000.00. I was to give this back

to Mr. Hatch on completion of this deal, and this deal has never been completed.

MR. WEIR: Your Honour, have you any more questions.

THE COURT: No.

MR. WEIR:

Q Mr. Burke, I show you the ledger card and on June the 28th there appears to be an entry involving a debit to your account of \$11,768.00, referring to 50 cattle coming in.

A This was an advance.

Q And then I see later on down below---would you hold this card please. On July 17th, 1962, there is a credit of \$5,593.48. Is that correct?

A Yes.

Q And on September 29th, 1962, another credit of \$6,174.52?

A Yes.

Q And these latter two figures equal the original amount of \$11,768.00?

A Yes, that is correct.

Q And you just assumed that this was another advance?

A The \$11,768.00 was given to me in June too---how will I put this---given to me to help me with my bank account, and I was to pay it back as early as possible, which I did.

THE COURT:

Q Why the \$768.00?

A Because they took a figure of so many head of cattle at so many dollars a piece.

Q You didn't get the cattle?

A I had the cattle on my premises, and this is my year end, June 30th.

Q June 30th?

A Yes.

Q And you had 50 head of cattle?

A Yes.

Q And was it understood that these cattle were to be given as security?

A I believe so.

MR. WEIR:

Q Did you brand these cattle with the association brand?

A No, not these particular cattle.

Q What happened when you sold those cattle?

A The money was put into the Burke Livestock Limited account. Sold by Burke Livestock Limited and put into the account. To clarify this situation as far as selling and buying of cattle was concerned, Mr. Hatch and I had a verbal agreement. I have nothing to show to verify this on paper. But I had a free hand to buy and sell cattle any time I felt like it as far as I was concerned in my feed lot, and also my cattle did not necessarily have to be branded with the cleaver brand which belongs to the Association. They could be branded with a D over V, which

is my brand, or they could have been branded with a bar one one on the right or left rib. That is my brand also. And the reason for this was that Mr. Hatch realized that the cleaver brand, that in my position I might have difficulty realizing the value of the cattle with a fresh cleaver brand on them. I was in the trading business. I was a livestock dealer.

THE COURT:

Q You were not a feeder?

A I was both. But I didn't keep anything more than a day if I could realize a profit from it.

Q You certainly didn't feed these 50 cattle because you borrowed the money on June the 28th and repaid half of it on July the 17th?

A I most likely sold them on an order somewhere. I don't know.

MR. WEIR:

Q You mentioned something about interest previously. Mr. Hatch made an arrangement with you regarding interest on the amounts that you borrowed from the Association?

A I don't believe there was anything mentioned as far as interest. The only interest I recall is that $6\frac{1}{4}\%$ that is, on one of these vouchers here, which is, I believe, bank interest. As far as commission to the Lethbridge Central Feeders Association, we also had another verbal

agreement that I was to pay him one dollar and a half a head for anything I eventually fed or put into the feed lot for the purpose of feeding, and there would be no commission other than that in or out, and plus bank interest on any money that I owed them, of course. I don't believe my situation compares with very many. I don't know much about the operation of Lethbridge Central Feeders Association, but I ^{don't} think my situation compares with very many as far as the actual buying and selling of the livestock is concerned.

THE COURT:

Q You should not have been there at all?

A I will agree with that, I shouldn't have been there at all.

MR. WEIR:

Q This is your N. A. B. ledger card. This is the one we looked at previously regarding the \$15,000.00. I don't see any item on this ledger card for interest. Did you pay any interest on this money?

A I believe I said, I believe I told you a few minutes ago the agreement with Mr. Hatch was for some free financing for the services I could give him in conjunction with the Central Marketing.

THE COURT:

Q You were to get this \$15,000.00 without interest?

A Yes.

MR. WEIR:

Q What about this Journal that you have already read in, signed by you, and it indicates that interest is going to be at $6\frac{1}{4}\%$. Why was that on there?

A I signed the Feeders Agreement also, and I feel that the Feeders agreement is of no value as far as I am concerned.

Q Never mind that. This particular transaction here, this is where you have got \$15,000.00, and you signed it indicating that 30 days interest at $6\frac{1}{4}\%$, and in spite of the fact of signing this you felt that you were not paying any interest at all?

A Other than Bank interest, which is $6\frac{1}{4}\%$.

Q So that you thought that you were to pay the $6\frac{1}{4}\%$?

A Yes.

THE COURT:

Q The first question that Mr. Weir asked you was that there is no record of you having every been charged interest on that \$15,000.00?

A I had no access to Mr. Hatch's bookkeeping system.

MR. WEIR:

Q Did you actually bid in competition with Lethbridge Central Feeders Association?

A On many occasions. Every day.

Q Did this seem unusual that the organization that was helping to finance your business, that you were actually bidding in competition with them?

A No. Every member of the Association is in competition in the feeding industry, and they all buy cattle against each other.

Q Just have a look at this particular page of the ledger here Mr. Burke. There are several items referred to, referring to M. S. I.

A Yes. Medical Services.

Q And you got this through the Association?

A Yes.

Q Were you an employee of the association?

A This is---I don't believe I'm qualified to answer that question.

Q Did it seem unusual that the organization that you were bidding against in the sales ring was arranging for you to have M.S.I. benefits obtained through them?

A I paid for it with cheques, each and every one of them. I gave them \$9.00 a month until such time as my brother came into the business with me, and then he and I gave them \$18.00 a month.

Q And yet if you obtained this on an individual contract I presume that this would have cost you more?

A Yes, I believe so. I don't know exactly.

THE COURT:

Q In other words you got M.S.I. as an employee of the company as far as M.S.I. is concerned?

A Yes, to join their group.

MR. WEIR:

Q Is it not correct a few days before March the 17th, 1964, Mr. Burke, your farm was visited by Stewart Hatch and Mr. MacLean of the Bank?

A Yes, I believe so.

THE COURT:

Q Was he there when Mr. MacLean was there alone?

A No.

Q You didn't know that?

A No.

Q Now, as a result---did someone phone you after Mr. MacLean was there?

A Mr. Hatch came to see me.

Q Hatch came alone?

A Yes. He said how many cattle have you got with the cleaver brand on and I said that I didn't know.

MR. WEIR:

Q Did you count them at that time?

A No. He said you have to get more cattle in there with this cleaver brand on because we have to have cattle cover this account.

THE COURT:

Q "You have to get cattle in there." That would be in your feed lot?

A In Burke Livestock Limited's feedlot.

Q In order to cover your account?

A Yes.

MR. WEIR:

Q This is your account with the Lethbridge Central Feeders?

A Yes. I did all my transactions through Burke Livestock Limited. I did not have a personal bank account of my own. It was all done through Burke Livestock Limited, every transaction.

Q Now, what did you do about arranging for these cattle to be brought in?

THE COURT:

Q Let's go back, he said that you had to get some cattle. Was there any further conversations as to where you were to get them?

A I can't recall the exact words, Your Honour, but---

Q I know you can't.

A But I will give you a picture of this if I can.

Q All right.

A The picture was simply this, that I owed Central Feeders X amount of dollars, and that there was not cattle in there to cover them with the brand on. There was cattle in my feedlot, yes. I believe at that time there was roughly 500 to 550 cattle in there altogether. That is a rough estimate. I can't give it exactly.

MR. WEIR:

Q How many?

A From 500 to 550 in this feed lot altogether .

THE COURT:

Q Mr. MacLean said that when he went out there, maybe I'm wrong, but he said that he only saw 4 or 5 cattle. Maybe he meant only 4 or 5 cattle with the cleaver brand. Did you ever brand with the cleaver brand?

A No, not up to that time.

Q There was no cattle in there at all with the cleaver brand?

A There could be, sir, because I am buying cattle every day of the week and a good share of them have the cleaver brand on when I bought. I bought in every sale ring in Southern Alberta.

Q But on the 17th of March, the day that Mr. MacLean went out there, I believe---

MR. WEIR: No, it was prior to that.

THE COURT:

Q Prior to that, I mean. During this particular month you say that you had 500 cattle in your feed lot?

A I believe so.

Q There is no doubt that you had several hundred?

A Yes.

Q And they had been there for some time?

A Yes. A good share of them belonged to Mr. Harsany, who I was feeding for on a share basis.

Q These cattle belonged to Mr. Harsany?

A No, not all of these cattle, but some of them. The exact number we can get, I believe, with our books.

MR. WEIR:

Q How many of these cattle that were in your pens at that time did have the cleaver brand on them?

A I don't know.

Q After this conversation with Mr. Hatch what, if anything, did you do?

A Much against my better judgment I had three loads of cattle from Edmonton which were sent to me by J. R. Sherwood in care of O. A. Brown. I went out that---this, I believe, was on a Friday, and I was informed by Mr. Hatch that I must have these cattle by Monday or the lid was going to blow off. I believe that is the words that he used. So I instructed my brother, who was in charge of the feedlot, to brand these cattle with the cleaver brand, the cattle I got from Edmonton.

Q How many did you get from Edmonton?

A I think around 170 or 180 cattle. I don't know exactly. I can produce invoices if I have to. And we branded, I believe, 128 cattle with the cleaver brand.

THE COURT:

Q Where did you get the iron from?

A From Lethbridge Central Feeders. I still have it.

Q That day, or did you have one?

A I believe we had one. My brother could answer that

better. It was just shortly before that we got it.

Q Why would you get one if you were not going to use it?

A We intended to use it.

Q You said your arrangement was there was no necessity to brand?

A Mr. Hatch informed me that as of now we had a feeding agreement and we better start living up to it.

Q All right.

MR. WEIR:

Q Why did you go to Edmonton again to get these cattle?

A I didn't go to Edmonton. They were sent to me.

Q Why did you order these cattle from Edmonton?

A They were orders I had from my customers.

Q But yet you indicated to us that you already had around 500?

A No, I didn't say I already had. I said there was 500 head of cattle on my premises.

Q But you didn't own them?

A No.

Q What were these cattle doing there?

A A big share of them were on feeding on a share basis. We were feeding them for Mr. Harsany.

Q So that you did not own any of these 500 cattle?

A I didn't say that. I said I didn't know what part of them I owned.

Q Approximately what percentage, 5%?

A I don't want to make a statement on that until I check my book.

Q But in any event you felt it was necessary to bring cattle in?

A I believe at that time---

THE COURT: These cattle were coming from Edmonton. There is no particular question that they were being brought in.

THE WITNESS; To clarify this thing, I received any number of cattle from Edmonton, four or five loads a week, at times. What I mean by loads is 50 to 60 head in a belly truck. Previous to that I was bringing them in from Grande Prairie. Now, these cattle were being brought in by me, and when I say "me" I mean Burke Livestock Limited. They were sold by Burke Livestock Limited.

THE COURT:

Q You are selling them for customers?

A Yes.

Q Not through the ring?

A No. Direct orders. My banker will verify that I had to have a bonafide order in order to order cattle or he wouldn't pay for them.

MR. WEIR:

Q Approximately how many of these cattle did you brand with the cleaver brand did you say?

A I would say approximately 128.

Q What happened to these cattle?

A Well, 54 head of those cattle, I believe, I sold to Alex Harsany up in the hills west of Fort Macleod, and balance of the cattle I sold to Mr. Harsany.

Q Which one?

A Andy Harsany.

THE COURT:

Q When was that Mr. Burke?

A That would be in---

Q A few days or a month?

A The ones, the bunch to Alex I believe would be about 30 days later. The ones to Mr. Harsany I can't recall the date, but it wasn't too long after that.

Q What did you think was eventually going to happen to them with their brands? Didn't you know that Harsany wouldn't be able to---

A Your Honour, I was under the impression our banker visited our place once a year. Up to that time that had been the practice. I had also made an agreement with Mr. Hatch, verbally, that I would clean up my account to the best of my ability very shortly. At that particular time I was making payments to Mr. Moscovich on behalf of Hays and Earl of \$2500.00 a month, money I owed them, and when I cleaned this up, which was about three more payments, I believe, when I cleaned this up I was going to transfer

this to Lethbridge Central Feeders and clean up their account and I asked him to leave me alone and I would pay this thing off, and I didn't want any more facilities from him or any more to do with the feeding agreement or any part of it.

Q Were you there when Mr. MacLean and Mr. Hatch came back?

A Yes, I was.

Q What was the conversation that day?

A We counted the cattle, and I don't remember the figure, I believe it was somewhere around---

Q 132?

A Yes, something like that. That accounts for the four head that he seen there before apparently that had the cleaver on. We counted these cattle and I believe Mr. MacLean went away with the impression these cattle were Association cattle.

Q And there was no discussion at the time about 'hot' brands or anything like that?

A No.

Q Would any person be able to tell that these cattle were recently branded?

A Yes, anybody in the cattle business would.

Q Especially in March, I suppose?

A Yes, or any time of the year.

Q That is all.

MR. MOSCOVICH: No questions.

MR. LEMMON: No questions.

MR. PROWSE CROSS-EXAMINES THE WITNESS:

Q Mr. Burke, how long had you known Hatch?

A Oh, well, I suggest from the day that he came to Central Feeders, whenever that was.

THE COURT: ~~re-examine~~?

Q About 1950?

A Something like that.

Q In 1952?

A Whenever he came there.

MR. PROWSE:

Q What did you do for Mr. Hatch for all this free money that you got?

A To clarify the situation, up until such time as they

Q formed the Central Marketing Service Mr. Hatch made it very clear to me that when he was purchasing cattle if he couldn't get them anywhere else that he would buy them from me. That was our relationship up to that time.

Q After that time then? ~~quest~~

A After that time it was for the services that I could render them in conjunction with the Central Marketing Service. ~~of money through no fault of their own. And in~~

Q Did you ~~make~~ payments to him? ~~after known as the~~

A No sir. ~~that is losing any~~

Q And you did no favours for him? ~~dollars. on~~

A What do you call a favour? ~~why. And to do~~

THE COURT:

Q Any personal favour?

A If you mean help him push his car out of the ditch, or something like that, we did.

Q No. You know what we mean.

A You mean financial?

Q Yes.

A No sir.

Q Or gifts?

A No sir.

MR. PROWSE:

Q If this house had been bought in Calgary for \$10,000.00 who was going to make a profit off it?

A I was.

Q Hatch was to get nothing out of that?

A That is not quite true.

THE COURT:

Q Not quite true. What is the truth?

A Do I have to answer that question?

Q Yes. The trouble, Mr. Burke, is that we are in serious difficulties here. Here are 150 people who are losing a great deal of money through no fault of their own. And in addition to that there is a corporation known as the Canadian Imperial Bank of Commerce that is losing anywhere from four to five hundred thousand dollars. I am instructed by the Government to find out why. And to do

See 10, page 678.

that we have to ask these questions in order to get a picture. You are not here on trial nor is anyone else.

A I suggest that this money I received from Mr. Hatch, I was not too concerned as to its source.

Q You knew where it was coming from?

A Not necessarily, no.

Q Let's go back to the house deal then?

A Well, you want to know if he was to receive anything from the sale of this house?

Q Yes.

A Yes, he was. He was to get---it was up to my discretion, of course.

MR. PROWSE:

Q It was going to be a joint venture of the Association's money?

A No, I was to make the profit and If I felt like I should give him something I would give it to him, which he realized that I would do if I made a good profit on it.

Q Were there any other loans made on that basis?

A No.

Q Insofar as you were concerned then the fact that you owed the association about \$40,000.00---that would be about right?

A I believe my books say \$36,623.00, but we have some entries that are not in my books for the year 1963 and

'64. My books have not been audited at the end of June.

THE COURT:

Q You did sign an acknowledgement of \$42,620.00 on January the 6th?

A Yes. Since that time I made a payment to the Central Feeders of \$4,960.00.

Q That is all.

MR. HOYT: No questions.

THE COURT:

Q Mr. Burke, when did you obtain your copy of the ledger sheet?

A I believe we got one at the end of my fiscal year each year. That is for 1962 and 1963, which is at the end of June. I have two in my ledger. I just have two of those, Your Honour. I have the first one and the second one, I believe it is. I can show you which two I have. I have part of this one, not all of it. I have just a part of this one here. I believe down to about here somewhere.

Q That is in 1962?

A Yes.

Q And part of 1963?

A Yes. I have it in my ledger.

Q But you haven't got it complete?

A No. I haven't that up to date card.

Q Did you ever get a copy of the N. A. B. account when you got the \$15,000.00?

A I have this copy.

Q And you have the \$15,000.00?

A Yes.

Q And you had that for sometime?

A Yes. I had that after the end of our first fiscal year, the Burke Livestock fiscal year, which ends at the end of June, June 30th.

Q Now, did you realize when you got these, that you got the N. A. B. one, and then you got the next one, did you get that one?

A I have part of that one.

Q Starting with an item of \$21,000.00?

A I would have to look at my ledger.

Q All right. Just have a look at it. That is as far as you can.

A That is as far as I have.

Q That goes down to June 15th of 1961?

A Yes. That is the last one I have.

Q Did you notice anything peculiar about that?

A One is a Non-Association account and the other one is a members account.

Q Did you notice how that \$8,000.00 has been left to sleep from November the 3rd, 1961, until April---no---

A As I mentioned before I was not too concerned with the source of Mr. Hatch's money. If he was willing to give it to me I took it.

Q Well, you told us when you were going to repay the \$15,000.00?

A Yes.

Q Now on November 29th, 1962, you got \$10,000.00. What arrangements did you make as to repayment?

A November the 29th?

Q Yes, 1962.

A That is the house.

Q Yes. I am sorry. Let's go back to the \$11,000.00. When were you going to repay that?

A I don't believe there was any specific date as to repayment. I wasn't at the---apparently I wasn't at the maximum of my credit, which is \$30,000.00. It was not of too much concern as long as there was enough livestock in the corral to cover this loan.

Q You were over your credit when you got the \$10,000.00?

A Yes. That is what put me over my credit. I believe I was over my credit before I got the \$10,000.00, but I paid that back.

Q When you got the 11,768.00 you were over your credit, but you paid it back within the two months?

A Yes. I believe I was over before that too.

Q That is all.

MR. PROWSE:

Q When you signed these contracts in 1962 and 1963 did you actually purchase cattle, or were they just a dummy?

A The Lethbridge Central Feeders never did at any time buy an animal on my behalf for feeding purposes.

I did my own buying and my own selling.

Q As far as these contracts went, they were just forms that you filled out?

A Yes.

Q Now, in the Association, you mentioned Mr. Hatch throughout. Would Mr. Nilsson have known what was going on?

A I wouldn't suggest I would be qualified to answer that.

Q Was he never there when you had conversations with Mr. Hatch?

A No sir.

THE COURT:

Q These conversations would be with Mr. Hatch alone?

A Yes.

Q I notice Mr. Nilsson signed some of the cheques?

A He could have been aware of the situation, I don't know. I wouldn't have any idea.

Q You knew that you gave the bank a guarantee?

A Section 88?

Q No, under this contract?

A If I have to tell the truth, which I believe is the general picture here, I never read that feeder contract until such time as March, 1964.

Q All right. I thought that that was the way people bought

automobiles, Mr. Burke, but not cattle?

A I am beginning to wonder myself.

MR. WEIR:

Q Mr. Burke, you said that you saw copies of these ledger cards?

A No, not until right now. I never saw these copies until now.

Q Were you keeping an accurate record of the cattle that the association felt, according, to the ledger card, that you had with their brand?

A No.

Q So that in particular you would have no knowledge about why this figure of 183, for example, would be on your record for 1964?

A I don't have any idea, but I think maybe it could be the balance of livestock.

THE COURT: That is all.

(WITNESS STANDS DOWN)

(FIFTEEN MINUTE ADJOURNMENT)

ALEX HARSANY, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Alex Harsany.

Q And your occupation?

A Farmer and rancher.

Q Where is your ranch located?

A Twelve miles North and West of Fort Macleod.

Q Now, Mr. Harsany, what arrangements did you have with Mr. Burke, our previous witness, regarding cattle deals?

A Well, whenever I needed cattle for the feed lot, for the last two or three years I must have bought a couple of hundred head from Mr. Burke. And it happened I was in the market for about 150 or 160 head at the time, so this 57 head I bought from Burke Livestock, and the rest from the Fort Macleod Auction Market and the Lethbridge Stockyards. Whereever I could get them.

Q What 57 head are you referring to?

A The 57 that after I had fed them for 6 months and sold them in the middle of September, about, Central Feeders when I brought them down to C.D.M. they wouldn't clear 57 steers because they had the cleaverbrand on them.

Q This sale, this is September of 1964?

A Yes.

Q Now, will you take us back to the time that you started--- to the time that you obtained ownership of these 57 steers.

A Yes. March 12th, 1964, 57 steer calves, cleaver brand right hip, \$135.00 apiece. And there is the total for the calves.

Q \$7,695.00?

A Yes.

Q And you paid this to whom?

A I paid that to Burke Livestock Limited, 57 steers.

THE COURT:

Q What date is that?

A March 12th, 1964.

Q You had bought them on March the 12th?

A Yes.

Q Did you see them?

A Yes, because I hauled them out.

Q Now, I'm getting a bit mixed up here. Was the cleaver brand on them on March the 12th?

A Yes.

Q Was it a fresh brand?

A Well, I just can't say how fresh it was, but it was fairly fresh.

Q Within a week?

A Probably.

MR. WEIR:

Q Did you check with the Lethbridge Central Feeders concerning their brand?

A No.

THE COURT:

Q You knew it was their brand?

A Oh yes, but I didn't think I would have to because Mr.

Burke was under bond and a licensed livestock dealer, and he had the right to buy and sell cattle every day of the week, and I bought cattle from him previously and I

didn't have any trouble.

MR. WEIR:

Q Did you question him concerning this?

A No. We don't question a livestock dealer because we just take it for granted that they have the right to sell and buy cattle.

THE COURT:

Q Is it very often that there are brands on cattle that are not vented?

A Yes.

MR. WEIR:

Q Did you approach him concerning this particular transaction?

A No.

Q He approached you concerning this?

A My dad knew I was in the market for cattle and I believe it was my dad phoned me and said if I wanted some more cattle that Mr. Burke had some, that they were fresh cattle, they just came in. I don't know where they came from, but they just came in. From the looks of these cattle I believed that they came from the North country.

THE COURT:

Q How could cattle from the North country have the Lethbridge Central Feeders brand on them?

A Well---

Q That didn't raise a suspicion in your mind?

A No. Like I say, we buy and sell cattle so often we never question the seller. If we buy cattle from Fort Macleod they could come from B.C., but we don't question the man from B. C. if they are his cattle. We just take it for granted they are there to sell, and we buy them. As long as a person buys from a bonded and registered dealer.

MR. PROWSE:

Q Maybe I am confused on dates, but I thought Mr. Burke's evidence was that this branding took place about March 17th?

MR. WEIR: No, it was prior to March 17th. March 17th is a key date.

MR. PROWSE: Did we ever establish what day it was?

THE COURT: No. Mr. MacLean said that he went out in the first few days of March. He couldn't pin it down. And then he went out later, but it was March the 17th, as I remember, was the date on which---

MR. WEIR: According to Mr. MacLean's testimony he just said early in March, 1964, that he called at the Burke farm. So that he could not recall specifically the date.

THE COURT: The situation is this, that according to the evidence we have Mr. MacLean, the manager of the Canadian Imperial Bank, went out there the first few days in March and found no cattle with the

cleaver brand, and he came back about the 17th and found these.

MR. PROWSE: He came back four or five days later.

THE COURT: Four or five days later, and found these cattle branded.

Q Now, you bought them on the 12th?

A Yes, and I took delivery of these cattle on the same day.

Q You took them away?

A Yes, definitely. I took them that same day.

MR. WEIR:

Q So that you arrived with the proper vehicle to transport them?

A Yes. Because whenever I come into Lethbridge I come with my big truck with the intention of buying cattle, and 90% of the time I do buy some.

Q I have no further questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q On March the 12th, you wanted some more cattle and you came in and you saw these and you bought them?

A Yes.

Q And you have since sold them?

A Yes. I believe that they were sold on September the 16th.

Q And the money is tied up?

A Yes, the money was tied up. But C.D.M. gave me the money, but I was informed by the brand inspector that the proper thing to do until this thing is ironed out, that in the first place that money should have gone to the Provincial Treasurer and until this thing was ironed out. Now, I wouldn't have had to send any money once the C.D. M. sent the full amount of these cattle to me. There was nothing to stop me from cashing this money and just keeping it until I had a Court Order or something to make me send the money to the Provincial Treasurer. But I thought that the fairest thing to do would be to send the full value of what these 57 calves cost me in March up to Edmonton, so on October the 3rd I sent \$7,695.00 to the Provincial Treasurer, and they cashed it, and it is with the Government right now.

Q What did you sell them for?

A They were sold on the rail. I believe that they were rail graded. I believe it was for 37 $\frac{1}{2}$ rail grade.

Q That is all.

(WITNESS STANDS DOWN)

ANDY HARSANY, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your full name?

A Andy Harsany.

Q Your occupation?

A Farmer and rancher.

Q Where is your farm located Mr. Harsany?

A My farm is located about 12 miles from town.

Q What town?

A From Lethbridge. Section no. 32/8/19.

Q Very accurate.

THE COURT:

Q Is that out near Coalhurst?

A No, Coaldale.

MR. WEIR:

Q Mr. Harsany, did you have cattle dealings from time to time with Mr. Burke?

A Yes, very many.

Q Now, will you tell us any cattle dealings that you may have had with him in the spring of this year, and I am thinking of in particular around March?

A Yes. I had been buying cattle right along just about every week because cattle what we put in in the fall starts to sell them before Christmas 1963. And then we be buying cattle back to the feed lot, and we buy cattle back when we have a chance to buy cattle in the ring in Lethbridge we bought them, and the next day or the day after he showed me what he bought, and I gave my cheque, and he gave me a statement. And this went right along until, I think that he had the last shipment of cattle came from Edmonton in May, and the cattle too high, and I told him I didn't want any more cattle.

We had bought 300 and some head, and I said the cattle too high and I don't want any more cattle. We are going to quit until fall. And in May, I don't know the date when everything blow up I had 228 head of cattle left in his feed lot, and the day before---

THE COURT:

Q That would be March, wouldn't it Mr. Harsany?

A In May.

Q When the blow up, did you say?

A Yes. That is when I knew everything blow up on Tiny Burke's place.

Q Oh, on Burke's place?

A Yes. And I think it was 60 or 70 head of cattle I cut out, that is the first bunch of cattle I cut out, and I shipped them down to C.D.M., and it~~was~~ rail grade.

Q C.D.M. is Canadian Dressed Meats?

A Yes. And the rest of the cattle, 248 head, I hired the trucks and I hauled them to my feed lot at Coaldale because Tiny Burke can't get any more feed and Canada Packer man come to me and he said "if you take those cattle to Coaldale we will give you all the feed that you want". So, I load up the cattle and take them to my feedlot, and those cattle I feed there. I bought them in good faith. I feed them in good faith. I sold them in good faith. I have my money.

MR. WEIR:

Q What about any transactions that you arranged involving cattle with Mr. Burke in March of this year?

A We were getting cattle right along, and he was buying cattle in the ring, but the only thing I can tell you when he showed me that statement I bought so many head of cattle I gave him a cheque and he gave me a statement.

Q Now, are you referring to a transaction that took place in March of this year?

A Yes, right along all the time.

Q Let's go back to March of this year. You bought some cattle from Mr. Burke in March with the Cleaver brand?

A Yes.

Q Now, did you see these cattle before you received delivery of them?

A Yes, I saw them in the stockyards.

Q Where?

A Right in the pens. The Church cattle---

THE COURT:

Q No, no. Mr. Harsany, we are getting mixed up. We don't want any cattle that are out in the Central Feeders.

We are talking about cattle that you bought from Mr. Burke with the cleaver brand?

A Yes, I did.

MR. WEIR:

Q In March of this year?

A Yes.

Q Now, you saw these cattle before you bought them?

A No, I don't say that. He showed me a statement in his office, I just give him a cheque, and then after that I saw the cattle, but I didn't think anything about what kind of brand on them because we don't think about that.

Q You never looked at the brands at all?

A No. I have been buying cattle right along there and I sold them, the same brand.

Q You are not buying from Central Feeders now. You are buying them from Mr. Burke?

A Yes. If those cattle were there he must have sold them to me, that is the only way those cattle came to me.

Q You didn't notice the brands, or you were not suspicious about the brands?

A If I buy cattle just about every week the whole year I don't look at the brand. That is the brand inspectors job because you can't buy cattle that way.

Q You were not at all suspicious?

A No.

Q This transaction took place in about March of this year?

A Yes. March and April and February.

Q I am referring specifically to March, 1964, you bought some cattle with the cleaver brand from Mr. Burke?

A Yes. If those cattle were there and he sold them to me I must have bought them.

Q And you were not suspicious?

A No, not at all.

Q That is all.

THE COURT:

Q What about these 75 cattle with the cleaver brand, did you have any trouble?

A No.

Q You sold them?

A Yes, we sold them. Tiny Burke---I mean Mr. Burke. I always call him Tiny because it comes easier for me to say it that way.

Q That's fine.

A I give him the permission to sell the cattle to anybody anytime when he has a chance.

Q When did you sell these cattle that you got in March?

A Well, those cattle, we got those cattle,

Q You still got them?

A No, I sold them.

Q You sold them?

A Yes. I take those cattle home to my farm in May 16th.

Q May 16th?

A Yes. And then I finish them and I sold them and of those cattle only 3 head with the cleaver brand on.

Q Only 3 head?

A Yes, only 3 head. And then the brand inspector stopped

the payment, and one steer was the poorest one in the bunch. I said to him--"Dave, if everybody hungry why don't you pick the best one out? Why are you picking on a poor steer?" He said-" That is my job, I have to do that."

Q Let us go back. In may when you took the 228 to your home there was 60 some odd sold to C.D.M.?

A Yes.

Q Now, who got the money for that?

A Those cattle all had my brand on except one steer.

Q We are missing 78 cattle with the cleaver brand. We thought that you had them?

A No, I didn't have them because when I took those cattle in I only had 3 cattle come in with the cleaver brand from my feedlot, and one seized because it had the cleaver brand on it.

Q Were you here this morning?

A Yes.

Q Did you hear Mr. Burke tell us that he sold 54 to Alex and the rest to you?

A 57 to Alex.

Q And the rest to you?

A Yes.

Q That is not true then?

A It could be true because he put my brand on those cattle, and when they come into the stock yard the brand inspector only looked for my brand.

Q Were they branded with the cleaver brand?

A They could be.

Q You don't know?

A No. But he is supposed to brand all my cattle, only the cattle that we bought in bunches, and we put it through the feed lot and a good visible brand on, and he said--"we don't have to brand those, sell them with the same brand." I bought 57 heifers from Tony Pereverziff from the General Farm Supply farm, and we didn't brand them, we just sold them. The same cattle that come from C.D.M., we bought those with the great big brand on them and we didn't brand them.

Q They must have been branded with your brand, these ones that Mr. Burke said that he sold to you?

A Yes, it could be.

Q Otherwise you would be in the same trouble as your son?

A Yes. Those cattle what I bought supposed to be branded with the H half diamond on the right hip.

Q That is your brand?

A Yes.

Q And you never noticed the cleaver brand on them?

A I said at that time, I said, he asked me how many cleavers have you and I said about 3, and that is all the cattle I had when I sold them.

Q And these 66 went to the C.D.M.?

A Yes.

Q In May?

A Yes, in May.

Q And these are the only cattle that you got from Burke except the 3 or 4 that could have had the cleaver brand on them?

A Yes. Excuse me for one minute. We bought cattle in the Stockyards, a lot of cattle with the cleaver brand, because when the cattle come to Central Feeder, a bunch of cattle, they always phone me, if it is a 2 year old to sell, or a yearling to sell, and those cattle had all the cleaver brand on.

Q You had done quite a bit of business with Central Feeders?

A Yes. I sold them cattle from my ranch and I have bought cattle in the country from Central Feeder.

Q That is all. Are there any questions?

(THE WITNESS STANDS DOWN)

(HEARING ADJOURNED AT 11:45 A.M. UNTIL 2:00 P.M. ON THE SAME DATE)

MR. WEIR:

Ray Nelson, please.

RAY NELSON, having first been

duly sworn, examined by Mr. Weir, testified as follows:

Q Your name is Ray Nelson?

A That's right.

Q What is your occupation, Mr. Nelson?

A Right now I am selling Rawleigh products.

Q When did you start selling Rawleigh products?

A Oh, about a couple of months ago.

Q And what was your former occupation?

A Cattle feeder.

Q And you resided at Stirling?

A That's right.

Q And this is where your farm was located, at Stirling?

A Right.

Q How many acres did you have on your farm?

A There was 229.

Q And what percentage was under cultivation?

A About 120 acres.

Q And was this all dryland farming, or partly irrigated?

A That was. I had 27 acres that was irrigated, in a different place.

Q What crops had you grown on your farm---

A I just cropped, roughly 60 acres of crop each year, and I put that into oats.

Q And what was your main enterprise? Was it cattle?

A Cattle.

Q When did you join the Lethbridge Central Feeders Association?

A Oh, back in the 40's.

Q What was your highest authorized limit of credit through the Lethbridge Central Feeders Association?

A Oh, over the past years it seemed like it was unlimited.

Q As far as contracts that you signed, what---

A Oh, I don't remember right offhand what they were.

Q I have here an agreement dated October the 30th, 1963, a Ray Nelson, Stirling, this would be you?

A Yes.

Q And what is the amount indicated in Section 4, for your authorized credit?

A 40,000.

THE COURT: How much?

THE WITNESS: 40,000.

THE COURT: 40,000.

MR. WEIR:

Q And in this agreement, dated April the 11th, 1963, how much was your authorized credit at that time?

A 30,000.

Q Mr. Nelson, I am showing you some various ledger cards. This one is made out to Ray Nelson, Stirling. Have you seen these cards before?

A Before. I took a quick glance at them the odd times, and

nothing specific, I couldn't recall them, no.

Q Periodically you would look at them in the office?

A That's right, very seldom.

Q Did you ever see this particular account, Ray Nelson and Meats Incorporated?

A And who?

Q It says Ray Nelson and Meats Incorporated.

A Well, who is Meats?

THE COURT: Meats.

MR. WEIR: M-e-a-t-s.

THE COURT: Didn't you have a feeding contract with Meats Incorporated?

A Over the past years I had different contracts with different people.

THE COURT:

Q Yes. You don't remember this one?

A Not Meats, no.

Q Not Meeks, Meats, M-e-a-t-s-----

A Is that a packing company?

Q That's right.

A Where is it at?

Q I don't know.

A I don't know either.

MR. WEIR:

Q So you have never seen this particular ledger?

A Not that I recall.

Q And here is a ledger card marked R. Nelson and S. Kline.
Have you seen this card before?

A I don't recall it. I may have done, yes. I have fed cattle
for Kline a good many times.

Q But my question is, have you seen this ledger card before?

A I wouldn't say that I have. I may have done, but I don't
recall any such figures that I could clarify it.

THE COURT:

Q Did you get copies, at all, Mr. Nelson?

A Pardon?

Q Did you get copies, at all?

A No.

Q You never---

A I never had any copies of cards like that, at all.

Q I see.

MR. WEIR:

Q And one final one, Ray Nelson, N.A.B., which I understand
means, Non-Association Business. Did you ever see this
particular card before?

A No.

MR. MOSCOVICH: What date is that?

MR. WEIR: Oh, it starts in 1959, and it closes
out in May 3rd, 1960.

THE COURT: Which is the Meats Incorporated,
Mr. Weir. What is the end figure?

MR. WEIR: The last figure---

THE COURT: Yes.

MR. WEIR: Your Honour, is December 31st, 1961, \$1198.10 was credited through closing it out.

THE COURT: That's Meats Incorporated?

MR. WEIR: Yes.

THE WITNESS: Would that be Pacific Meats?

MR. MOSCOVICH: Might be.

THE WITNESS: I fed for them. That's possibly who that is.

THE COURT: Actually, Mr. Nelson, there is not very much in this contract, in this ledger account, except a credit from Louis Triscli, and a debit from E. S. Heninger, which may be of some surprise to you later on as we proceed this afternoon.

MR. WEIR: Looking at this particular page of your personal members account, on March the 18th, 1964, you have a balance of \$105,908.15, is that correct?

A As near as I can recall, according to that card. I went in and asked about that.

Q Well, you saw this particular members ledger from time to time when it was in excess of \$40,000.00?

A Yes.

Q As it has been for quite some time. Did you ever speak to Mr. Hatch about this, about, you have already mentioned this unlimited credit, did you have discussions with Mr. Hatch about this?

A Not to any great extent, no.

Q Now, Mr. Nelson, what conversations did you have with Stewart Hatch regarding advances that you received from time to time from the Association? Now, I am talking strictly about cash advances.

A There was no conversation in particular. When I ran out of money I would go in and ask him for \$3,000.00.

Q Well, I notice, for example, in 1964, that you received a total of \$8,000.00. Do you recall this?

A Not in one lump sum.

Q I can show you the ledger cards, if you like.

A I recall one 7,000---

Q Yes.

A Is the only----

Q And in February the 11th, 1964, for \$500.00?

A That's right.

Q And January 31st, 1964, another 500, making \$8,000.00?

A That's right.

Q Now, in 1963 I have totalled your cash advances to the sum of \$21,000.00. Do you recall this?

A That is---

Q We can go through them individually, if you like?

A That is right, yes.

Q And you had a total cash advances in 1962 in exactly the same amount, of \$21,000.00?

A That, I can't verify that, I don't remember that.

Q Well, would you like to go through 1962?

A It could be, but I don't--- It was very near the same, but---

Q Here is the start of 1962, here. I will read off the amounts, if you like. On March the 20th, 1962, \$3,000.00. Did you find that one?

A It's March the 12th here.

Q March the 20th, I have here. Okay. On March the 23rd, another \$3,000.00?

A 23rd, yes.

Q You found it?

A 12th and the 23rd, yes.

Q Yes. Now, do you recall anything that you may have said to Mr. Hatch at this point? You received \$3,000.00 at the beginning of the month, and later on in the same month you received another cheque for \$3,000.00. Did you have to give any explanation to him for these two cheques?

A Oh, nothing in particular, that I just needed that for my operation, and at various times I would have to have the \$3,000.00 and that \$3,000.00 might not last as long as the other one, and so on.

THE COURT: What year was that?

MR. WEIR: This is in 1962, Your Honour.

Q Now, let's look to June. June the 7th, 1962, another cheque for \$3,000.00?

A Right.

A Oh, yes, I recall drawing out in that form, yes.

Q Now, the thing that interested me, Mr. Nelson, was seeing both 1963 and 1962 with both the exact same amount in cash advances of \$21,000.00. Was this purely a coincidence, or was this a pre-arranged arrangement that you had with Mr. Hatch?

A No, it was just a coincidence, as far as I am concerned.

Q I see.

A There was no other alternative. It just happened that way.

Q Now, for 1961 the total cash advances I have here is \$33,859.43. Do you recall that this is approximately the amount of advances for 1961, or would you like to go through them again?

A I don't recall it. That's too far back to remember.

Q Okay. January the 19th, 1961, 3,000. Do you see that item?

A I have 63, here.

Q We are going backwards now. Here is January the 19th, 1961, and then we are going to proceed this way. Okay. Now, do you see that entry, January the 19th, 1961, \$3,000.00?

A That's right.

Q March the 13th, 1961, another 3,000?

A Right.

Q And May the 8th, 1961, 5,000?

A That's right.

Q And later on, the same month, on the 30th, 3,000?

A Yes.

THE COURT: What would you use \$8,000.00 for, Mr. Nelson, in one month? I mean, unless ---

A It was just my operation, I guess. I haven't any other
clue about it.

THE COURT:

Q What do you mean by notes?

A Well, I always had a note into the bank in here all the time, and the way I operated, I'd go get two, three, four thousand dollars, and take it into the bank and pay up my notes, and re-new another one out again.

Q Oh, I see. You were borrowing from the Bank of Nova Scotia?

A That's right.

Q You borrowed money from the Bank of Nova Scotia, then you would get money from the feeders and go in and pay the bank off?

A That's right.

Q So at that time it would be the Imperial was meeting the payments that you owed to the Bank of Nova Scotia?

A Pardon?

Q I say, the Imperial was paying off your loans to the Bank of Nova Scotia?

A That's right.

Q Yes. Go ahead.

MR. WEIR:

Q Moving along to June. June 30th, 1961, \$3500.00?

A Yes.

Q And in July the 11th, 1961, \$3,000.00?

A \$3,000.00, July the 11th.

Q August the 9th, 1961, \$3,000.00?

A Yes.

Q And then on the 17th of August, 1961, another \$3,000.00?

A 17th.

Q Now, here again is another month that you received two fairly substantial cheques. Thinking back, again, can you recall any conversations with Mr. Hatch?

A None whatever.

Q Okay. September, this is a, yes, September 1st, 1961, another 3,000?

A September 18th.

Q That's fine. I haven't any others for September. So, that's September 18th?

A Yes.

Q For that other 3,000. Apparently a mistake here in my record.

November 10th, 1961?

THE COURT:

No, October the 24th.

MR. WEIR:

I haven't any in there, Your Honour, for October.

THE COURT: Well, that's the last one for 1961.

MR. WEIR: I have got October 10th, 3,000.

THE COURT: Oh, it may be November 10th, yes.

THE WITNESS: November----

MR. WEIR:

Q 3,000?

A 14th.

Q November 14th, it is, Your Honour, 3,000.

THE COURT: Oh, 4359.

MR. WEIR:

Q The other figure I have here is for November 29th, but now, looking at it, it probably wasn't a strict advance. Look at that figure, October 29th, 1961, 1359, yes, those---

THE COURT: Well, that's for seven steers and six heifers.

MR. WEIR: Yes, yes. I will take that off my total.

Q So that makes a total, then, of \$32,500.00 that you received by way of cash advances in 1961?

Now, going back just one more year. In 1960 I see you had a total of cash advances in the sum of \$33,700.00. Do you recall this, or would you like to go through this, as well?

A Well, I don't recall it, but it must be right. All the rest of them are.

MR. WEIR: Your Honour, would you like to go through these?

THE COURT: No, just the one series here, Mr. Nelson, starting on December the 7th of 1959, and ending on March the 7th, 1960, there is 3,000, 2500, 3,000, and 4,000, that's \$12,500.00 in that particular two month period.

THE WITNESS: That was in 1958?

THE COURT:

Q No, 1959 and 1960. Then on May the 10th of 1959--- No, on May the 3rd of 1960 you got a cheque for \$3,000.00, and a week later you got another cheque for \$6500.00, that's \$9500.00 in seven days.

A The \$6500.00 was, got mixed up in the estate.

Q Yes.

A And I went to Stu and asked him for 6500 to buy the place that---

Q That was now given to them?

A That's right.

Q In other words, you borrowed \$6500.00 from the Feeders Association to get title to your land?

A That's right.

Q Had you previously made an application to the Farm Credit Bureau for that money, or the Farm Board?

A Not that I recall.

Q You don't recall that?

A No.

Q Do you remember making an application?

A No.

Q Of any kind?

A No.

MR. WEIR:

Q You don't recall making an application of any kind?

A I may have done, but I don't recall it.

Q You don't recall making an application and later withdrawing it, to the Farm Credit Corporation, or the Alberta Farm Purchase Board, to obtain monies?

A I did go to Edmonton to buy a half section, but when I couldn't reach that I went to Stu for the 6500, and I turned the half section back to the estate, and I needed 6500 to buy this place that I am on.

THE COURT: But it was the same time?

A So it was more than that when I did make the application for it, but in this particular piece of land here, I didn't put an application, at all, in for that. I went right to Stu for the 65.

THE COURT:

Q But it was the same time approximately---

A It was approximately the same time, but things had changed, and so I got the 6500 from Stu.

Q Did you feel any qualms about going and--- You knew where this money was coming from didn't you?

A That's right.

Q Didn't you feel any qualms about going to the, this was a

co-operative association, also, wasn't it?

A That's right.

Q Yes. Didn't you feel any qualms about going and getting the \$6500.00 of what you might call your neighbors' money, without their knowledge?

A Well, I don't know. When you're in a pinch you go ask anybody for money.

Q Alright, alright.

A If you think you can get it.

MR. WEIR:

Q Mr. Nelson, were you ever turned down by any of your requests, for any of your requests for cash advances?

A No, I don't think so.

Q So you always got whatever you asked for from the Association?

A As a rule. That is, as long as it wasn't over, around \$3,000.00, which I generally operated on, as a rule.

Q Well, we have already looked at some of these amounts here---

A There was the odd one that was 5,000, but as a rule it was mostly around \$3,000.00.

Q But you were never turned down for any cash advance request that you made?

A No.

Q Now, in addition to having all these cash advances, I have also made a quick list here of supplies and feed bills, and---

THE COURT: Mostly feed.

MR. WEIR: Mostly feed.

THE WITNESS: Mostly feed, yes.

THE COURT: \$78,000.00 be a fair figure for the four years?

THE WITNESS: I imagine that's about it.

THE COURT:

Q We have a list, we have gone through all the records and made a list of them all, and that's what they add up to, in our---

A I haven't got a list of them, I never kept track of them, at all.

Q Would you be willing to accept our word for it, then?

A Oh, I imagine so.

Q Otherwise we can just start going through them all, and it will take some time.

A Oh, no, that's near enough.

MR. WEIR:

Q So in addition---

A I don't think it is too much out of line.

Q In addition to these cash advances, the Association paid for all of the supplies you needed, feed, etc.?

A No, no.

Q Well, what didn't they pay for?

A Oh, for about 8, 9, \$10,000.00 worth of hay I bought from the Indians, and different little things that I had to have cheques of my own. But these cheques here, they didn't mind waiting until I could run in and pick up the cheque for them.

Q And what about your personal bills? Did you have some personal bills, as well, in addition to hay, and that sort of thing, paid for through the Association?

A No. Why? I had no personal bills.

THE COURT: Pardon?

A The only personal bills I'd pay for was out of the cash advances that I'd get from him, and that was my living and running expenses on that.

MR. WEIR:

Q Well, let's just look at a few cheques, now, that are entered in this ledger marked N.A.B., that we looked at a few minutes ago.

I am showing you one cheque which is dated July the 7th, 1959, payable to Parker Electric in the amount of \$319.00, and it is endorsed by them. Now, this cheque is charged to you. Do you know what this refers to?

A I haven't a clue.

THE COURT:

Q Didn't you ever get a water softener, Mr.---

THE WITNESS: Unless, I must have bought some grain from somebody and given them a cheque for the grain, but as far as any personal things, I never ever got any electric supplies like that, at all, that I can recall.

THE COURT: Did you ever get a water softener, Mr. ---

A No.

MR. WEIR:

Q This is the entry in question on your ledger card for \$319.00, for that same date of July the 7th, 1959.

A The only thing I can recall, I'd be buying grain and turning the cheque over to them.

Q Well, buying grain from Parker Electric?

A Well, sure. They was dealing in grain, taking grain in on equipment from different farmers, and what not, but as far as me buying any personal effects like that, why---

Q You don't recall ever getting anything specifically from them, like a water softener?

A No.

THE COURT: I don't quite get your idea on Parker Electric buying grain, Mr. Nelson. Would you just explain that?

A Well, hasn't there been different businesses here in Lethbridge take grain in on equipment, and turn around and sell it to a farmer?

Q Oh, you would be buying the grain from---

A I would be buying the grain from Parker Electric.

Q Alright. Now then, the feeders would pay Parker Electric on your---

A That's right, just the same as it was another farmer that I'd buy the grain from.

Q Alright. Do you ever remember buying grain from Parker Electric?

A Oh, I don't recall, but I have done with different ones here in Lethbridge, I believe, but back to 59, I don't remember anything about it.

Q Alright, go ahead, Mr. Weir.

MR. WEIR:

Q Let's look at the next item on that account. June the 26th, 1959, Dogterom Equipment Ltd., \$265.00, with their endorsement on the back for deposit. Now, do you recall what you bought from this organization?

A I don't recall any of those, at all.

Q Are you satisfied that these are legitimately charged to your account?

A I suppose I'd have to accept it under the circumstances, but I do not recall it, so help me.

Q Okay.

A But I have bought grain from different outfits here in Lethbridge, and---

Q Would you like to hold this card?

A Turned them over to them.

Q Do you see that entry on your card for June the 26th, 1959, for \$265.00?

Now, the next cancelled cheque--- You have found that last one, have you?

A Yes.

Q The next one is Scandia Iron Works, \$100.00. This is a cheque dated July the 22nd, 1959, with their endorsement,

presumably, on the back. Now, do you see an entry for \$100.00 charged to your account there?

A Well, who is the Scandia Iron Works?

Q Well, that is precisely what I want to know in connection with your account.

THE COURT: Have you ever heard of Scandia Iron Works?

A No.

Q Do you know of them, at all?

A No.

Q Do you know where they are at?

A No.

Q Alright. The next one.

MR. WEIR:

Q Okay. The next one is Raymond Agencies, \$76.12, on a cheque dated July the 22nd, again, 1959, with what appears to be their endorsement for deposit on the back. Now, this, as well, was charged to your account. Do you see that entry there?

A Yes.

Q Now, could you tell us what that relates to?

A I haven't a clue.

Q Well, there is on that same day, again, July the 22nd, 1959, a cheque payable by the Association in the sum of \$300.00 to Empire Furniture, and it appears that this is their endorsement for deposit on the back. Do you see that item

marked on your card?

A Yes.

Q Now, did you buy some furniture from Empire Furniture, and this being a payment on that account?

A Not that I can recall.

THE COURT:

Q Did you ever buy any furniture from Empire Furniture?

A Oh, I did years back, but not in the last four or five years.

MR. WEIR:

Q Well, in 1959?

THE COURT: In 59.

MR. WEIR:

Q In July, 1959.

A Not that I can remember.

THE COURT: Well, then they sent a cheque to the Receiver General for \$164.05.

MR. WEIR: And five cents. March the 16th, 1959.

Q Do you see that entry? Second one from the top. Now, would this have been paid for on your behalf?

A Well, that could have been, but these others, I don't recall them.

Q You don't recall any of these other cheques that we have just gone over?

A No.

Q What about this one here? This happens to be in the Non-Association Business ledger, while we are on it, Mr. Nelson, the first one I am looking at, an advance to you for \$3,000.00. Is this your signature on the back?

A Yes, that's my signature.

Q But you had no knowledge that this advance would have been put through this---

A No, no, because I was working on \$3,000.00 continuously. I couldn't dispute any of those, because it was \$3,000.00---

Q But you have no knowledge of these payments to Empire Furniture?

A Not that I can recall offhand, no.

Q Raymond Agencies, and these others that you have just referred to?

A No.

THE COURT:

Q Would you know of any reason, Mr. Nelson, why this \$3,000.00 should be put in this separate account? Any reason, at all?

A I haven't a clue.

Q No reason why it shouldn't have been put in your ordinary account?

A Well, that's where I think it should have been, but I wouldn't know.

Q You see, it's strange that this 3,000 is used to open an account, and then all these other strange entries are

put in right after.

A Yes.

Q Alright.

A It is certainly news to me.

Q Where are you going now, Mr. Weir?

MR. WEIR: I am referring specifically to this entry dated December the 16th, 1960.

THE COURT: December the 16th?

MR. WEIR: Which, this is mentioned in the Nelson and Meats Incorporated file.

THE COURT: Oh, yes. Yes.

MR. WEIR:

Q And this is a credit to your account, Ray Nelson and Meats Incorporated, Mr. Nelson, of \$3,000.00, and perhaps to help you with the---

THE COURT: Of what? Of what?

MR. WEIR: I am sorry, of \$8,000.00.

Q Then on your personal account, on January the 5th, the same amount comes back to your account. This is to your personal account.

Do you know anything about this? You made no arrangements with Mr. Hatch concerning these entries which---

A I don't know nothing about that, at all.

Q As you see, it lowered your Nelson and Meats Incorporated account by \$8,000.00 in December of 1960, and then on January the 5th, 1961, your Ray Nelson personal members

account was debited, increased by \$8,000.00. So the same net effect in your account is the same, I am just wondering if you have any knowledge of this?

A I have no knowledge whatsoever, at all.

THE COURT: I think, Mr. Weir, you should show him the voucher for that. It covers so many calves.

MR. WEIR:

Q I indicates on the voucher that is dated December the 16th, 1960, 80 calves, and then it has the symbol for at, and no further particulars. Oh, I am sorry, at \$100.00, excuse me, making a total of 8,000.

Now, after seeing this, does this help to remind you---

A I don't remember, I don't remember it, at all.

THE COURT: Would there be any reason why you should take 80 calves at \$100.00 apiece on the 16th of December, and then on January the, what is it, the 5th?

MR. WEIR: Yes.

THE COURT: Whatever it is.

MR. WEIR: January the 5th, 1961.

THE COURT: Get rid of the calves again?

THE WITNESS: I never done anything like that.

MR. WEIR:

Q Pardon?

A I never done anything like that, that I can recall. I generally take them in and keep them right straight through until they are finished.

- Q Well, is our presumption correct, then, Mr. Nelson, that your account was merely used by somebody else for an income tax carry over for the year?
- A I don't know anything about it, because I never kept books, I always relied on Cliff out there, in the office. I don't know anything about these.
- Q Well, you say you saw your ledger cards from time to time. Didn't it appear strange to you that all of a sudden in your members account you had a debit for \$8,000.00, January the 5th, with no explanation as to why you are debited? In the ledger card, itself, there is no indication of cattle coming in, at all?
- A No.
- Q It has never struck you as being unusual, at the time?
- A 16th of January.
- Q You see, the corresponding credit for December is not on your members ledger, it is in your N.A.B. ledger.
- A Yes.
- Q You never followed this back, at all?
- A No, I never followed anything back---
- Q Hold onto this exhibit, please. I am referring now to an entry which is in your Nelson and Kline ledger card, dated December 23rd, 1960. Do you see that entry of \$10,000.00?
- A Yes.
- Q On that date? This is December the 23rd, 1960. L. S. Heninger, \$10,000.00, and there is a credit to your account,

Nelson and Kline, credit of \$10,000.00.

Perhaps we will follow through with the full entry, if you like, first, Mr. Nelson.

Now, in January the 13th, bringing out another ledger card, again, Nelson and Meats Incorporated, you have a debit of \$10,000.00 in January the 13th, 1961.

A That's the end of the month, eh? The 23rd to January the---

Q The 23rd of December, 1960, to January the 13th---

A 13th.

Q 1961. Now, have you any knowledge about this particular transaction?

A None whatever. None whatever.

Q Again, it refers to a specific number of calves. It says 100 calves at \$100.00 per unit price, making a total of 10,000. This doesn't help to recall the situation for you, at all does it?

A None whatever.

Q You can't recall any conversations with Mr. Hatch, or with Mr. Heninger, or anyone else concerning this transaction?

A No.

THE COURT:

Q Did you speak with Mr. Heninger about this \$10,000.00?

A Never.

Q Or about the 100 calves?

A Never.

Q Never, at all?

A No.

Q There was no deal between you and him to buy and sell the calves?

A None whatever.

Q None whatever.

MR. WEIR:

Q I show you a journal entry now, Mr. Nelson. It's dated April the 11th, 1961, in the amount of \$10,000.00. You see this credit to your account here, of \$10,000.00?

A Yes.

Q This is in your ledger card, itself?

A Yes.

Q And it reduces your account from \$47,343.30 down to \$37,343.30. Did you know about this particular entry?

A The only thing that I recall of reducing my bill from Elmer Wilde's, was around, better than \$4,000.00.

Q Well, we will go back to this other one you are referring to. Perhaps I should follow through with this one first. That's the first entry. Now, you note the date, this is April, 1961?

A Yes.

Q Now, moving away ahead to the present, as far as this year, anyway, March the 19th. See this entry, March the 19th. There is a debit to you. It says, transfer from Kline and Wilde, there is no indication of any cattle in the ledger card, is there?

A No.

Q It says \$14,753.21. Now, are you with me so far?

There is another one.

Now, on May the 25th---

MR. MOSCOVICH: What year?

MR. WEIR: Of 1964, there is an adjustment here of \$1877.81.

Q Okay. Now, I have done a little arithmetic here, Mr. Nelson, see if you agree with it.

If we took, perhaps we should go right down to the other ledger card, one step further.

Now, looking again at this entry, March the 19th, \$14,753.21. Now, in the E. E. Wilde account for that same date, March the 19th, 1964, there is a credit of \$13,640.00. Now, try to stay with me, we have got one more coming up. Now, on that same date, March the 19th, 1964, you have a credit to Sam Kline. Now, this is not Nelson and Kline, that we have been referring to previously, this is just straight Sam Kline, of \$1113.21. Now, this \$1113.21, when added to this \$13,640.00, those two equal this debit to your account of \$14,753.21. Okay. Now, you agree?

Okay. Now, if we subtract \$3,640.00, or from this 3,640, \$1877.81, that was that credit adjustment on your account?

A Yes.

Q We have the figure of \$1762.19, which as I understand it, you are charged for the interest on this money. That is,

this is the difference here, and this would be your charge. Now, the whole transaction, apart from whether there is cattle or there isn't cattle, appears to be quite satisfactory, in my mind, at least, with one exception. I can't understand about this \$1113.21 that is credited to this Sam Kline account, and in effect, debited to you, unless you have, in effect, received all of the supplies that are indicated on this ledger card, which is in the name of Sam Kline?

A Well, why would I have that, because I haven't had any contract in my corral since 1960 or 61.

Q Well, this is precisely the problem I am having now. You have four cards, four groupings of ledger cards, and in effect, if this is a legitimate charge to you, then, in effect, you have five cards. One is Sam Kline's. Do you recall any discussions about this?

A I haven't had any cattle or anybody in my corral since 1961, or---

Q Well, this isn't cattle, these are simply---

A I know, if he was supplying them I'd have his cattle.

THE COURT: What is the date?

MR. WEIR: Pardon?

THE COURT: What is the date of that ledger card?
What is the period?

MR. WEIR: Well, we have---

THE COURT: What is the last date?

MR. WEIR: Well, the last date is the close-out

entry, March the---

THE COURT: No, no, before that?

MR. WEIR: Well, we had supplies in September the 22nd.

THE COURT: Of what year?

MR. WEIR: On the 29th. This would be 1962.

THE COURT:

Q Now, were you dealing with Mr. Kline in 1962?

MR. WEIR: See, all these entries, you have quite a numerous array of small entries.

THE COURT: That's just two years ago, two years ago last fall.

THE WITNESS: I could have been.

THE COURT:

Q Well, the point we are trying to find out is whether this is a legitimate charge to you of 1100 and some odd dollars.

A I can't see it, myself. I don't recall.

MR. WEIR:

Q Just have a look at the other items.

A I never seen this, at all.

THE COURT: I don't think Mr. Weir did till noon, either, or was conscious of it.

THE WITNESS: I don't recall that, at all.

MR. WEIR:

Q Well, then, in effect, what has happened here, in addition to your paying the association \$1762.19 for the interest on

this money that was, in effect, put through as a credit in April of 1961, up to March of 1964, in addition to this payment here of \$1762.19, you also paid this bonus here of \$1113.21 that was credited to this account which is marked Sam Kline?

A That's the way it looks, doesn't it?

Q Have you any other questions on this?

THE COURT: Well, yes. Coming back to the transfer of the \$10,000.00 from your account to Mr. Wilde's account on the 11th of April, 1961. Now, there is a conscious transfer of \$10,000.00. Now, surely that wasn't made without your knowledge, was it, or was it?

A That's right, it was not.

Q It was what?

A I knew nothing about it. He come down and asked me if I wanted to finish Elmer Wilde's cattle off, that he was sick and unable. I went over one Sunday and looked at them, and I says, bring them over.

Q Yes.

A And if I can recall, I think it was in June that I was credited with 4,000 and some odd dollars.

Q Well, that's not the same---

MR. WEIR:

Q This is not the same---

A That's not the same Wilde?

MR. WEIR:

Q But it's not the same account. You are talking about 4,000, we are talking about a \$10,000.00 transfer.

A Well, I know, I know, but that's all I was credited with, or had any knowledge of.

Q Well, do you know anything about this particular transaction, of \$10,000?

A No, I do not. No sir.

Q There is no cattle marked in the margin here, is there? In the ledger card, that is? There is no item for cattle coming out---

THE COURT:

Q Mr. Nelson, may I read you the general entry with reference to your gains.

"On the 10th of November 1960," which has nothing to do with the 11th of April, 1961, "Mr. Wilde was debited with \$5533.50, and you were credited with \$5533.50 on 72 cattle which you took on a 21 cent gain contract". Now, is that what you are talking about?

A That's right.

Q And that is the only thing that you have ever had---

No, wait a minute, we've got another one. On the 25th of January, 1961, Mr. Wilde was debited with \$3883.00, or was that cancelled? I think, no, I think it's \$5500.00, that was credited to you at one time, and then cancelled, and the 5500 was put through.

Now, the \$5533.50 is the only item, to your knowledge, that

you had anything to do with E. E. Wilde, the gain of---

A That's right.

Q Is that correct?

A That's right.

Q And you have no knowledge whatever, of this \$10,000.00?

A I think I can give you a better figure than that on it.
If I can find it here. That was in 1961, was it?

Q Well, I have it here as 60, but I may have the wrong year,
but--- Well, we can get it from the ledger card.

A Yes.

Q Yes. November the 10th, 1960, you are credited with
5533.50, in your ledger.

A July the 31st, E. E. Wilde, contract 111 cattle. I had
\$4,591.60.

Q What year is that?

A That's in 1961.

Q Well, they credited you with a little more than that. They
credited you with 5533. But again, now, let's make very
certain, Mr. Nelson, I am asking you again, that you positively
say that you knew nothing of this transfer of this \$10,000.00
to Mr. Wilde?

A That's right.

Q And when did you first learn about it?

A This \$10,000.00?

Q Yes.

A Just now.

Q Well, you must have seen, didn't you see your credit, or your ledger card since March?

A No.

Q You have never seen it?

A Oh, I have went in, and I asked Cliff, after this thing blew up, and he just showed me how much, I looked at the bottom figure and checked back through it, but I didn't look at anything specific. I knew I was away up there, so---

Q Didn't you just check back one page and see \$14,000.00 and wonder what it was all about?

A I may have done. I checked back on the top page.

Q Alright, fine. Mr.---

MR. WEIR: I have a couple more questions,
Your Honour.

THE COURT: Oh, I am sorry.

MR. WEIR:

Q Mr. Nelson, I see that you were just looking at a little book there, a little notebook, I am wondering, would you figure out on this notebook, or in other books, what profit you made after getting, let's say, 50 steers in, and then selling the 50 steers 6 months later, or some period later?

A That is a hard question for me to do, isn't it, figure all that out.

THE COURT:

Q Did you ever do it, though, Mr. Nelson?

A No.

Q Did you ever sit down and wonder whether you were making money or losing money?

A Well, I knew all the time I was losing it in the last few years, but I wouldn't let loose.

MR. WEIR:

Q And yet you were receiving advances for the past few years of \$21,000.00?

A That's right.

Q And this didn't seem to bother you, going back continually asking for advances when you really didn't have any---

A We thought possibly we would come out of it sometime, and we didn't.

Q Well, your ledger card appears to be getting higher and higher and higher.

A It did.

Q From March the 1st, 1962, it was over 50,000, and from what I see, never to see 50,000 again, it just keeps going up.

A That's right.

Q And it never bothered you about all these advances? Oh, with one exception, you were down below it for a very short period in December, but then we have those other entries that we have been discussing.

Let's take in 1963, didn't you become rather worried, looking at your card, seeing that you were getting closer

and closer to the 100,000 mark?

A Oh yes.

Q But yet you were still getting your advances?

A We were still trying to keep going thought maybe we would get a break and come out of it, I guess, that's all there was to it.

Q But you weren't slowing down in your advances, or at least your advance requests, and you were never turned down?

A Just what we needed.

Q I see. Did it ever scare you, the thought that many other members may have also been getting unlimited credit, as you were obtaining?

A Oh, I suppose, possibly I thought of it, yes.

Q Did you think that the Association must be getting close to financial difficulty if you and others were getting so much money?

A Well, that wasn't my end of it.

Q This never crossed your mind, at all?

A I never thought much about it, no.

Q I have no further questions, Your Honour.

THE COURT: Yes.

MR. MOSCOVICH: Just a few questions, Mr. Nelson.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q How much money do they allege you owe to Central Feeders today? You can look at these.

A Oh, I think when I signed the form over, I think it was

about 86,000.

Q 86,000.

A Or 76, something like that.

Q And you have seen these various cards from time to time?

A Not too often, no.

MR. WEIR: Just the members ledger.

MR. MOSCOVICH: Just the members ledger, that's alright.

Q Do you know the directors of this Association, who were directors at the time you were doing business with Central Feeders?

A Oh, yes.

Q Is it right to suggest to you that all, or a few, a certain number, knew of the amount that you were indebted to the Association?

A I don't know whether they knew or not.

Q You don't know?

A No, I don't.

Q You made some money, or did you always lose it when you did business---

A Well, apparently, I was always losing it.

Q And you will not question the correct amount that you signed up for, about \$80,000.00, being your indebtedness to Central Feeders?

A I what?

Q You won't question that? I mean, didn't he sign one of those---

A Well, no, I knew I was away up that high.

Q Yes.

A And apparently we got quite a lot of different figures around, so I just took it, and let it go at that.

Q It got so bad, Mr. Nelson, that you graduated from a cattle dealer to a business man? You are no longer in the cattle business?

A That's right.

Q And your dealings go back, I believe, many years, about 1950, I believe you said you started---

A Somewhere near there.

Q That's when you became a member?

A Yes.

Q And you always found that Central Feeders Association, as you must admit, treated you very fairly, and very gratuitously?

A Too fairly.

Q Too fairly. And the whole idea behind your mind was to endeavor to get out of this mess by borrowing some more, endeavoring to get a break sometimes in this dealing with cattle?

A Well, how else would a man do it?

Q That's right. Were you in the Association when they had the foot and mouth disease?

A That's right.

Q And you knew, as everybody else must have known, that the

Association had fell into a heavy indebtedness at that time, was pulled out by somebody from that mess?

A Yes. I was one of them.

Q And you were hoping that the mess your were in would also be cleaned up if you got a little more credit?

A Well, that's generally the trend, I would think.

Q And these the, there are only two people here who understand these cards. You, Your Honour, and Mr. Williams.

THE COURT: I think Mr. Weir has a pretty fair knowledge of them.

MR. MOSCOVICH: Oh, I notice he---

Q Are these the cards you referred to as seeing superficially and spasmodically?

A I would say so.

Q Yes. Are these the cards that Mr. Williams must have seen when he made his audit? Is that right, Mr. Weir?

MR. WEIR: I can't speak for what Mr. Williams saw, but these are the ledger cards from the Association, yes.

MR. MOSCOVICH: And are these the cards that you were questioned on by Mr. Weir today?

A I think it is.

Q And they come from the files of the Association?

A I think so.

Q And if you sold enough Rawleigh products to make \$80,000.00 you would have to pay that back to the Association?

A Not now I wouldn't, no.

Q Not now. Alright, thanks very much.

THE COURT: Did you make a settlement,
Mr. Nelson?

A Yes.

THE COURT

You made a settlement

I turned over the farm, machinery, crop and everything,
got clear title to it.

Oh, you--

They sold the crop, they sold the silage, and sold the
farm.

I see.

A And I'm just out.

Q Was it a settlement to give you clearance?

A Yes.

Q I see. Alright.

MR. MOSCOVICH:

Q Would it be wrong for me to ask how much it is?

MR. PROWSE: \$17,500.00.

MR. MOSCOVICH: Poor businessmen.

THE WITNESS: That's the first I knew how much
it was.

THE COURT: Mr. Leitch?

MR. LEITCH:

MR. PROWSE ASKS EXAMINE THE WITNESS:

Q Mr. Nelson, what did you give Mr. Hatch for this extended credit?

A What do you mean, what did I give Mr. Hatch? I never gave him anything, and it never ever entered my head about giving him anything, and he never even asked.

Q Are you related to him?

A Not in the least.

Q He never refused you on a request for money?

A That's right.

Q And yet you don't know whether some of these charges to your account were for goods that---

A I do not. I couldn't prove it.

Q And over the years you never ever took any interest in that?

A That's right.

Q How big an operation did you run?

A Oh, in the neighborhood of 2 to 250 head of cattle.

Q I mean, how much land did you own? Is it this 229---

A 229 acres.

Q That's all you had?

A Of dryland, and 27 acres of irrigated land.

Q And that's as big an operation as you ever had, as far as---

A No. Years back, I didn't own it, I was buying it, which I lost a half section, years and years back, but---

Q But during the last four or five years, when you got advances---

A That's all the land I had.

Q Of over \$110,000.00---

A That's right.

Q And 80,000, 78,000 for feed---

A That's right.

Q The only assets you had were this land, and the machinery?

A That's right.

THE COURT:

Q Mr. Nelson, would this be about correct, I did a little arithmetic here with the purchases and sales since the 31st of July, and came up with a figure that you, that \$238,816.00 worth of cattle were placed with you for feeding, and that these were sold for 421,000, leaving a net gain of \$182,000.00 profit, and your advances and your feed came to \$204,000.00, so you were about \$22,000.00 in the hole, to start with?

A Well, that, I can't answer. I never figured it out that way.

Q Never figured it. Were you never interested in sitting down, at any time, to find out whether you were making money, or losing money, or how much you were losing?

A Oh, I'd do a little figuring, but I didn't get it down that accurate.

Q Well, this isn't very accurate. These are big figures.

A Well---

Q I mean, did you never sit down, as I asked before, when you took in 60 steers and sold them, and figure out the gain, and how much you got, and then figure out how much it cost you?

A Oh, I may have done on 30 or 40, or a truck load, or something like that, but in an over all turnover, I didn't, no.

Q I see. Did you realize the increase in costs that occurred in about 1962? You used to buy barley for 70¢, didn't you?

A Yes.

Q Then it went up to a dollar, then it went up to \$1.15.

A Yes.

Q Did you ever sit down and estimate how much it costs you a month more for barley at \$1.00, than at 70¢?

A No. You might say we were just getting it and throwing it in to the steers.

Q Would it be right that on the average you would put in around 20 pounds a day for steers?

A Right closely, yes.

Q Right close. Would you accept my figures that the difference between 70¢ barley and \$1.00 barley on 100 steers a month would be about \$500.00?

A Possible.

Q Possible.

A Possible.

Q Don't you think then, that you should have been figuring out where you stood?

A I can see it now, but it's too late.

Q Too late, I see.

I was noticing in July of 1963 there was a terrific number of cheques issued to your, I presume the people around the

area from whom you bought feed. 661, 185, 260, 73, 125, 297, 847, 567, \$1,424.00, and \$150.00, \$440.00, 56.45, 56.45, 200, 8.84, and \$1200.00, all in the course of two weeks.

A Is that all feed?

Q Yes, I would think so. Finley, Dixon, Buttner, Kesler, Seely, Zaugg, Peterson, Schnoor, Parrott, Mertz, Middle, Mertz, Dickens, Sugar Factory, and Christensen.

A That's right.

Q All feed?

A Yes.

Q Well, not only were you getting a lot of money, but isn't that a lot of money to put out for feed all in one two-week period?

A Well, not necessarily. How long did it go from the last time I paid out for feed?

Q Well, it went a month before when you paid \$757.00 to Mrs. Selk, 338 to Bell and Sons, \$1,552.00 for oats and barley to McCullough Trucking. That's in June. And then the other figures in November and December go up, 1193, Canada Packers--- I am just wondering, did you take any care of this thing?

A Of course. It all went into the granaries, and came right back out again, and was chopped, every bit of it.

Q I know the feed was, I know the feed was.

A Sure.

Q But the money. Did you take any trips?

A No, I didn't.

Q Did you spend---

A Never been on a trip.

Q Pardon?

A Never bought any new machinery, no nothing. That was all going in for feed, and that's what it is.

Q You never bought---

A Not a cent of it.

Q You never bought---

A No sir. Every penny that is marked down there went to every man that's got that name there.

Q Oh, I don't doubt that, Mr. Nelson. I am just wondering, having bought all that feed, that then you, in addition, got the money?

A Well, there might have been a period of a month there that I might not have come in and got a cheque or two for different ones. The people down there.

Q Well, on June the 13th you got \$4,000.00, and then two weeks later---

A That was for me.

Q Yes.

A Yes. I went into the corn silage that year, and I had quite an expense that year, and that's where all the advances for me are, but all the feed and everything there, that's got every one of those mens name on was all strictly feed, and

they came out of the Central Feeders, and what's marked on these cards, itself, two, three, four thousand dollars, that was my operating money.

Q I see. Well, you knew where this money was coming from?

A That's right.

Q It came from the Royal Bank, and then from the Imperial Bank, and then from the Canadian Imperial Bank of Commerce. Did you know anything about the, how they covered up your account?

A Never had a clue.

Q Never had a clue. Just pointing out, for example, even in 1959, when it was still with the Royal Bank, they stated that your high point was about \$10,000.00, whereas your real high point was \$38,000.00. In 1960, in November, your balance was 28,000 some odd dollars, they reported to the bank that you owed them 15,000. In 1961 they said that your low point was \$6300.00, your low point was \$16,000.00. The present balance which they said, on 1961, June the 21st, was 30,000, it was 45,000. Then, of course, it gets a little worse as we come along. In March the 31st, 1962, they said your low point on November the 6th, 1961, was \$4,949.56. Now, the last five figures are right on the nose, but the first two are a little out, because you owed them \$30,949.56, and the present balance in March the 31st, 1962, was reported to the bank at \$19,350.11, and according to the ledger you owed them \$49,350.11. And then in 1963 they said the high for the year was a little over 41,000, the high was over 80,000, and

they said that on January the 17th, 1963, you owed the Association \$3639.57, and the ledger said \$65,443.56.

Now, it's no wonder that the bank had complete confidence in your account, is there?

A No.

Q If those figures were given to the bank. You knew nothing about that?

A No, I didn't. I didn't know anything about their book-keeping out there, whatsoever.

Q And you knew nothing of the reports to the bank?

A None.

Q Did the bankers come out and see you?

A Never, that I can recall.

Q No date of---

A They might have come in when I wasn't around, but I never seen any of them.

Q Well, let's see.

A I think there was one come out one time. I don't know whether he was the Bank of Commerce or who he was, and we stood there and talked and looked over the fence, and that was it, but that's the only time I recall any banker being around.

Q Well, it says here, month of bank inspection, February, 1963. That's about two years ago?

A Yes.

Q And there is bank inspections on all these, you don't

remember---

A Does it state whether he talked to me or not, or just pulled into the corral and looked over the fence.

Q I don't know.

A Most of the time I wasn't there. A lot of time. A lot of people pulled in there and looked in the corral that I don't know about.

Q Oh, I know, but you know what a bank inspection would be. They would go out and look at the cattle, I would presume, count them.

A Well, I would presume he would come and hunt me up, and talk to me, anyway.

Q You say they never did that?

A Not to my knowledge.

Q Well, in May of 1962 the bank statement says that they inspected your cattle on, in February of 1962. In fact, in these statements, I think, if you want to look at them, you will find that there is supposed to have been a bank inspection pretty well every year.

A Well, there could have been. I don't doubt it but what there are, but to my knowledge, I don't recall ever talking to one of them when they came around, because I didn't live on the place.

Q Oh, you didn't live there?

A No.

Q Did you live in---

A I live in town.

Q In town. Now, when did you cease this contract feeding?

A Oh, I think, possibly, as near as I can remember, I think possibly that Wilde's might have been the last.

Q The last one.

A I don't recall whether I had any of Sammy Kline's in after, or before.

Q Did you take weights without question in, when you took the cattle in, took the cattle out to your place for feeding?

A That's right, the odd time.

Q Did you---

A Most of the time, yes.

Q What do you mean by most of the time? What happened?

A They was bought in Medicine Hat and shipped right straight through to the corral.

Q Did you get any weights?

A On my invoice, yes.

Q You got weights on your invoice. But did you get any weigh tickets?

A No, just a list, like they send out with all of them.

Q I see, and you never saw the weight, I mean the scale tickets?

A No.

Q They were never attached to your invoice?

A No, no, not to my knowledge, no.

Q And you say most of your cattle came from Medicine Hat?

A Oh, part of them. They came from all over.

Q All over.

A Over a period of years they came from all over Alberta, I'd say.

Q I see.

A Even some of them from Williams Lake.

Q Yes, that's in British Columbia?

A That's right.

Q Those weights, there would be weights on those cattle, wouldn't there?

A Well, they was just attached onto a big sheet of paper typed on it, as far as your little scale slip, no, they didn't send those out with your invoices, with my knowledge.

Q You never got them?

A When you sold them, why, you came up here and got them, yourself. I presume they are out here in the office.

Q Well, again, you took it on trust that the weights were correct both in and out?

A Oh, yes, sure, that's right. As a rule, I tried to get there to see them weighed as they were going out, just a matter of curiosity.

Q Some of these advances, I presume, would be immediately after you had sold, a bunch of cattle had been sold?

A Not necessarily, no.

Q I think that's all I have. And you did sign contracts?

A Oh, yes, yes.

Q Did you feel that there was any obligation to stay within the contract?

A Not that I can think of, no. Just go into the office and say, here is your contract, sign it, and you would take and sign it, wouldn't even look at it.

Q Well, these contracts, they say that you are not supposed to exceed a certain amount of money.

A That's right.

Q You see, here is the trouble, Mr. Nelson. It's all very well for you and about the other seven or eight people who are going to give evidence before this commission, to say that no one paid any attention to these. But you see, 150 out of the 170 did. They all conducted their buying and selling according to hoyle. Now, why nine or ten people create all this turmoil and cause the company to go broke, you see.

A I don't know.

Q You say that nobody worried about a contract, but apparently most of the people did.

A Well, I said I just went in and signed it, and didn't even look at it.

Q Well, it says here, the total---

A Yes, I know you should read it before you sign it, but---

Q You knew it said \$30,000.00, didn't you?

A Oh, yes, it changed at various times.

Q Pardon?

A It changed at various times, yes.

Q But it never got over 40, did it?

A No.

Q And you knew that your limit was \$40,000.00?

A Yes.

Q And yet you went up to 100?

A That's right.

Q Alright.

(WITNESS STANDS DOWN)

THE COURT: Well, we will adjourn until
10 o'clock tomorrow morning.

(HEARING ADJOURNED AT 3:20 P.M. UNTIL 10 A.M. ON TUESDAY,
JANUARY 5th, 1965)

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Author

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